



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Illinois State Bancorp, Inc

|   |                |
|---|----------------|
| Person to be contacted regarding this report: | Chris A. Hould |
| CPP Funds Received:                           | \$10,272,000   |
| CPP Funds Repaid to Date:                     | \$0            |
| Date Funded (first funding):                  | 5/22/2009      |
| Date Repaid <sup>1</sup> :                    |                |

|  |               |
|--|---------------|
| RSSD:<br>(For Bank Holding Companies)                            | 1889565       |
| Holding Company Docket Number:<br>(For Thrift Holding Companies) | N/A           |
| FDIC Certificate Number:<br>(For Depository Institutions)        | 22282 & 21635 |
| City:  | Chicago       |
| State:   | Illinois      |

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

|                                     |   |   |
|-------------------------------------|---|---|
| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | Loans increased by \$32,000,000.00 between the period of May 2009 and December 2009 of which approximately 25% was in 1-4 family section 8 housing. |
|-------------------------------------|---|---|

|                                     |  |   |
|-------------------------------------|--|---|
| <input checked="" type="checkbox"/> | To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.). | Loan growth was primarily Commercial Real Estate  |
| <input checked="" type="checkbox"/> | Increase securities purchased (ABS, MBS, etc.).  | Investments grew \$15,000,000.00 ( FNMA, FHLB, FFCB ) between the period of May 2009 and December 2009. |
| <input type="checkbox"/>            | Make other investments   | N/A   |
| <input checked="" type="checkbox"/> | Increase reserves for non-performing assets  | Increased ALLL by \$1,853,000.00  |

|                                     |  |  |
|-------------------------------------|--|--|
| <input type="checkbox"/>            | Reduce borrowings  | N/A  |
| <input type="checkbox"/>            | Increase charge-offs   | N/A  |
| <input type="checkbox"/>            | Purchase another financial institution or purchase assets from another financial institution | N/A  |
| <input checked="" type="checkbox"/> | Held as non-leveraged increase to total capital  | The banks did not increase the Holding Company loan based on the additional capital provided under CPP |

What actions were you able to avoid because of the capital infusion of CPP funds?

Nothing at this time.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Loan growth

Deposit growth at existing branches as well as new branch opened January 2009

Increased Security Portfolio allowing for additional pledging capacity

Improved Liquidity to support loan growth

Approved to preform due diligence on possible bank acquisitions from the FDIC.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

Enhanced our Correspondent Banking Relationship